

AMENDED IN ASSEMBLY MAY 6, 1998
AMENDED IN ASSEMBLY APRIL 14, 1998
AMENDED IN ASSEMBLY MARCH 24, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 1994

Introduced by Assembly Member Bowen

February 18, 1998

An act to add Section 17538.9 to the Business and Professions Code, relating to advertising.

LEGISLATIVE COUNSEL'S DIGEST

AB 1994, as amended, Bowen. Advertising: ~~telephone debit-prepaid calling cards and services.~~

Existing law provides for the regulation of advertising in the state and prohibits certain advertising practices.

This bill would ~~also prohibit any person from offering the sale of a telephone debit card unless certain information is disclosed in both print advertisement and on a brochure to be packaged and sold with the telephone debit card. It would also require that any rate of charges or unit cost advertised or marketed in connection with the sale of a telephone debit card include any and all applicable surcharges and fees and would require every telephone debit card issuer to provide a refund for unusable cards, as specified, and to establish and maintain a 24-hour customer service toll-free telephone number through which consumers may obtain specified information and lodge relevant complaints~~ *prescribe certain*

standards and requirements for consumer disclosure and services with respect to the advertising and sale of prepaid calling cards and prepaid calling services, as defined.

Existing law makes it a crime to violate any of the provisions regulating advertising. By adding these new ~~prohibitions~~ *standards and requirements with respect to the advertising of telephone debit cards prepaid calling cards and prepaid calling services*, this bill would expand the scope of an existing crime, thereby creating a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17538.9 is added to the Business
2 and Professions Code, to read:

3 ~~17538.9. (a) No person shall offer the sale of a~~
4 ~~telephone debit card unless all of the following~~
5 ~~information is disclosed in both print advertisement and~~
6 ~~on a brochure to be packaged and sold with the telephone~~
7 ~~debit card:~~

8 ~~(1) The number of units on the card.~~

9 ~~(2) Any applicable surcharges or fees, including~~
10 ~~monthly fees, per-call access fees, international~~
11 ~~surcharges, surcharges for the first minute of use, or~~
12 ~~activation fees for recharging the card.~~

13 ~~(3) Any applicable taxes.~~

14 ~~(4) Any minimum charge per call, such as a~~
15 ~~three-minute minimum charge.~~

16 ~~(5) Whether there is any charge for calls that do not~~
17 ~~connect.~~

18 ~~(6) The increment used for charging one unit, such as~~
19 ~~a 6-second, 10-second, or one-minute increment.~~

20 ~~(7) The name of the card issuer.~~

1 ~~(8) Whether the card is rechargeable or refundable.~~

2 ~~(9) If the card is not rechargeable, whether remaining~~
3 ~~units may be redeemed or will be forfeited.~~

4 ~~(10) The card expiration policy.~~

5 ~~(11) A 24-hour customer service toll-free telephone~~
6 ~~number.~~

7 ~~(b) Any rate of charges or unit cost advertised by any~~
8 ~~medium or marketed in connection with the sale of a~~
9 ~~telephone debit card shall include any and all applicable~~
10 ~~surcharges and fees.~~

11 ~~(c) A telephone debit card issuer shall provide, with~~
12 ~~respect to any telephone debit card rendered unusable~~
13 ~~for reasons beyond the consumer's control, and that has~~
14 ~~not exceeded the stated expiration period, a refund equal~~
15 ~~to the value remaining on that card. The issuer may~~
16 ~~provide a refund either in cash or in the form of a~~
17 ~~replacement card, but must provide that refund to the~~
18 ~~consumer within 60 days from the date of receipt of~~
19 ~~notification from the consumer that the card is unusable.~~

20 ~~(d) Every telephone debit card issuer shall establish~~
21 ~~and maintain a 24-hour customer service toll-free~~
22 ~~telephone number, as specified in paragraph (11) of~~
23 ~~subdivision (a), through which all of the information~~
24 ~~specified in paragraphs (1) to (10), inclusive, of~~
25 ~~subdivision (a) may be obtained by consumers, and~~
26 ~~through which consumers may lodge relevant~~
27 ~~complaints.~~

28 *17538.9. (a) For the purposes of this section:*

29 *(1) "Company" refers to any entity providing prepaid*
30 *calling services to the public using its own or resold*
31 *telecommunications network.*

32 *(2) "Prepaid calling services" or "services" refers to*
33 *any prepaid telecommunications service that allows*
34 *consumers to originate calls through an access number*
35 *and authorization code, whether manually or*
36 *electronically dialed.*

37 *(3) "Prepaid calling card" or "card" means any object*
38 *containing an access number and authorization code that*
39 *enables a consumer to use prepaid calling services.*

1 (b) The following standards and requirements for
2 consumer disclosure and services shall apply with respect
3 to the advertising and sale of prepaid calling cards and
4 prepaid calling services:

5 (1) Any rate of charges or unit cost advertised by any
6 medium or marketed in connection with the sale of
7 prepaid calling services shall include any and all
8 applicable surcharges and fees.

9 (2) Print advertisements for prepaid calling services
10 shall contain the following disclosures:

11 (A) Any applicable surcharges or fees, including
12 monthly fees, per-call access fees, international
13 surcharges, surcharges for the first minute of use.

14 (B) Any minimum charge per call, such as a
15 three-minute minimum charge.

16 (C) Any charge for calls that do not connect.

17 (D) A definition of the term "unit."

18 (E) The increment used for charging one unit, such as
19 a 6-second, 10-second, or one-minute increment.

20 (F) The name of the card issuer.

21 (G) Whether the card is rechargeable.

22 (H) Refund policy.

23 (I) Expiration policy.

24 (J) A 24-hour customer service toll-free telephone
25 number.

26 (3) The following information shall be legibly printed
27 on the card:

28 (A) The name of the company.

29 (B) A toll-free customer service number.

30 (C) A toll-free network access number, if required to
31 access service.

32 (D) The authorization code, if required to access
33 service.

34 (E) The expiration date, if applicable, except where
35 paragraph (7) applies.

36 (4) The following information shall be legibly printed
37 on the card or packaging or display visible in a prominent
38 area at the point of sale of the prepaid calling card or
39 service in such a manner that the consumer may make an
40 informed decision prior to purchase:

1 (A) Any applicable surcharges or fees, including
2 monthly fees, per-call access fees, international
3 surcharges, surcharges for the first minute of use.

4 (B) Any minimum charge per call, such as a
5 three-minute minimum charge.

6 (C) Any charge for calls that do not connect.

7 (D) A definition of the term "unit."

8 (E) The increment used for charging one unit, such as
9 a 6-second, 10-second, or one-minute increment.

10 (F) The name of the card issuer.

11 (G) Whether the card is rechargeable.

12 (H) Refund policy.

13 (I) Expiration policy.

14 (J) A 24-hour customer service toll-free telephone
15 number.

16 (5) Each company shall establish and maintain a
17 toll-free customer service telephone number with a live
18 operator to answer incoming calls 24-hours a day, seven
19 days a week, through which consumers may lodge
20 relevant complaints and through which the following
21 information may be obtained by consumers:

22 (A) All applicable rates, surcharges, fees, and taxes.

23 (B) The company's recharge, refund, and expiration
24 policies.

25 (C) The balance of use in the consumer's account.

26 (6) Each company shall provide, with respect to any
27 prepaid calling card or service rendered unusable for
28 reasons beyond the consumer's control, and that has not
29 exceeded the stated expiration period, a refund equal to
30 the value remaining on the card or in the form of a
31 replacement card, but shall provide that refund to the
32 consumer within 60 days from the date of receipt of
33 notification from the consumer that the card is unusable.
34 Each company may, but shall not be required to, provide
35 a refund when a card has been lost or stolen.

36 (7) Cards without a specific expiration date printed on
37 the card, and with a balance of service remaining, shall be
38 considered active for a minimum of one year from the
39 date of first use, or if recharged, from the date of the last
40 recharge.

1 SEC. 2. No reimbursement is required by this act
2 pursuant to Section 6 of Article XIII B of the California
3 Constitution because the only costs that may be incurred
4 by a local agency or school district will be incurred
5 because this act creates a new crime or infraction,
6 eliminates a crime or infraction, or changes the penalty
7 for a crime or infraction, within the meaning of Section
8 17556 of the Government Code, or changes the definition
9 of a crime within the meaning of Section 6 of Article
10 XIII B of the California Constitution.

11 Notwithstanding Section 17580 of the Government
12 Code, unless otherwise specified, the provisions of this act
13 shall become operative on the same date that the act
14 takes effect pursuant to the California Constitution.

